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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on 15th March 1997:—

BILL No. 47 OF 1997

A Bill to provide for the establishment of the Telecom Regulatory Authority of India to regulate the telecommunication services, and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Forty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Telecom Regulatory Authority of India Act, 1997.
- (2) It extends to the whole of India.
- (3) It shall be deemed to have come into force on the 25th day of January, 1997.

Short title,
extent and
commence-
ment.

Definitions.

2. (1) In this Act, unless the context otherwise requires,—

(a) "appointed day" means the date with effect from which the Authority is established under sub-section (1) of section 3;

(b) "Authority" means the Telecom Regulatory Authority of India established under sub-section (1) of section 3;

(c) "Chairperson" means the Chairperson of the Authority appointed under sub-section (3) of section 3;

(d) "Fund" means the Fund constituted under sub-section (1) of section 22;

(e) "licensee" means any person licensed under sub-section (1) of section 4 of the Indian Telegraph Act, 1885 for providing specified public telecommunication services;

13 of 1885.

(f) "member" means a member of the Authority appointed under sub-section (3) of section 3 and includes the Chairperson and the Vice-Chairperson;

(g) "notification" means a notification published in the Official Gazette;

(h) "prescribed" means prescribed by rules made under this Act;

(i) "regulations" means regulations made by the Authority under this Act;

(j) "service provider" means the Government and includes a licensee;

(k) "telecommunication service" means service of any description (including electronic mail, voice mail, data services, audio tex services, video tex services, radio paging and cellular mobile telephone services) which is made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual or other electromagnetic means but shall not include broadcasting services.

(2) Words and expressions used and not defined in this Act but defined in the Indian Telegraph Act, 1885 or the Indian Wireless Telegraphy Act, 1933, shall have the meanings respectively assigned to them in those Acts.

13 of 1885.

17 of 1933.

(3) Any reference in this Act to a law which is not in force in the State of Jammu and Kashmir shall in relation to that State be construed as a reference to the corresponding law, if any, in that State.

CHAPTER II

TELECOM REGULATORY AUTHORITY OF INDIA

Establishment
and incorporation
of
Authority.

3. (1) With effect from such date as the Central Government may, by notification appoint, there shall be established, for the purposes of this Act, an Authority to be called the Telecom Regulatory Authority of India.

(2) The Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

(3) The Authority shall consist of a Chairperson, and not less than two, but not exceeding six members, to be appointed by the Central Government.

(4) The head office of the Authority shall be at New Delhi.

Qualifications
for appointment
of Chairperson
and other mem-
bers.

4. (1) The Chairperson shall be a person who is or has been a Judge of the Supreme Court or who is or has been the Chief Justice of a High Court.

(2) A member shall be a person who has special knowledge of, and professional experience in, telecommunication, industry, finance, accountancy, law, management and consumer affairs:

Provided that a person who is or has been in the service of Government shall not be appointed as a member unless such person has held the post of Secretary or Additional

Secretary, or the post of Additional Secretary and Secretary to the Government of India or any equivalent post in the Central Government or the State Government for a period of three years;

5. (1) Before appointing any person as the Chairperson or member, the Central Government shall satisfy itself that the person does not have any such financial or other interest as is likely to affect prejudicially his functions as such member.

Term of office, conditions of service, etc., of Chairperson and other members.

(2) The Chairperson shall hold office for a term of five years from the date on which he enters upon his office.

(3) A member shall hold office for a term of five years from the date on which he enters upon his office or until he attains the age of sixty-five years, whichever is earlier.

(4) The employee of the Government on his selection as member shall have to retire from service before joining as a member.

(5) The salary and allowances payable to and the other terms and conditions of service of the Chairperson and other members shall be such as may be prescribed.

(6) The salary, allowances and other conditions of service of the Chairperson or of a member shall not be varied to his disadvantage after appointment.

(7) Notwithstanding anything contained in sub-section (2) or sub-section (3), a member may—

(a) relinquish his office by giving in writing to the Central Government notice of not less than three months; or

(b) be removed from his office in accordance with the provisions of section 7.

(8) The Chairperson or any other member ceasing to hold office as such, shall—

(a) be ineligible for further employment under the Central Government or any State Government; or

(b) not accept any commercial employment, for a period of two years from the date he ceases to hold such office.

(9) A vacancy caused to the office of the Chairperson or any other member shall be filled up within a period of three months from the date on which such vacancy occurs.

Explanation—For the purposes of this section, “commercial employment” means employment in any capacity under, or agency of, a person engaged in trading, commercial, industrial or financial business in any field and includes also a director of a company or partner of a firm and it also includes setting up practice either independently or as partner of a firm or as an adviser or a consultant.

6. (1) The Chairperson shall have powers of general superintendence and directions in the conduct of the affairs of the Authority and he shall, in addition to presiding over the meetings of the Authority, exercise and discharge such powers and functions of the Authority and shall discharge such other powers and functions as may be prescribed.

Powers of Chairperson and Vice-Chairperson.

(2) The Central Government may appoint one of the members to be a Vice-Chairperson of the Authority who shall exercise and discharge such powers and functions of the Chairperson as may be prescribed or as may be delegated to him by the Authority.

7. (1) The Central Government may remove from office any member, who,—

(a) has been adjudged as insolvent; or

(b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(c) has become physically or mentally incapable of acting as a member; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(e) has so abused his position as to render his continuance in office prejudicial to the public interest.

Removal and suspension of member from office in certain circumstances.

(2) Notwithstanding anything contained in sub-section (1) no member shall be removed from his office specified in clause (d) or clause (e) of that sub-section unless the Supreme Court on a reference being made to it in this behalf by the Central Government, has, on an enquiry, held by it in accordance with such procedure as prescribed in this behalf, reported that the member ought on such ground or grounds to be removed.

(3) The Central Government may suspend from office a member in respect of whom a reference has been made to the Supreme Court under sub-section (2) until the Central Government has passed an order on receipt of the report of the Supreme Court on such reference.

8. (1) The Authority shall meet at such times and places, and shall observe such rules of procedure in regard to the transaction of business at its meetings (including quorum at such meetings) as may be provided by regulations.

(2) The Chairperson or, if for any reason, he is unable to attend a meeting of the Authority, Vice-Chairperson and in his absence, any other member chosen by the members present from amongst themselves at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the Authority shall be decided by a majority vote of the members present and voting, and in the event of an equality of votes, the Chairperson or in his absence, the person presiding, shall have a second or casting vote.

(4) The Authority may make regulations for the transaction of business at its meetings.

Vacancies, etc.,
not to invalidate
proceedings of
Authority.

9. No act or proceeding of the Authority shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in the constitution of, the Authority; or
- (b) any defect in the appointment of a person acting as a member of the Authority; or
- (c) any irregularity in the procedure of the Authority not affecting the merits of the case.

Officers and
other employees
of Authority.

10. (1) The Authority may appoint officers and such other employees as it considers necessary for the efficient discharge of its functions under this Act.

(2) The salary and allowances payable to and the other conditions of service of the officers and other employees of the Authority appointed under sub-section (1) shall be such as may be determined by regulations.

CHAPTER III

POWERS AND FUNCTIONS OF THE AUTHORITY

Functions of
Authority.

11. (1) Notwithstanding anything contained in the Indian Telegraph Act, 1885, the functions of the Authority shall be to—

- (a) recommend the need and timing for introduction of new service provider;
- (b) recommend the terms and conditions of licence to a service provider;
- (c) ensure technical compatibility and effective inter-connection between different service providers;
- (d) regulate arrangement amongst service providers of sharing their revenue derived from providing telecommunication services;
- (e) ensure compliance of terms and conditions of licence;
- (f) recommend revocation of licence for non-compliance of terms and conditions of licence;
- (g) lay down and ensure the time period for providing local and long distance circuits of telecommunication between different service providers;

13 of 1885.

(h) facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services;

(i) protect the interest of the consumers of telecommunication services;

(j) monitor the quality of service and conduct the periodical survey of such service provided by the service providers;

(k) inspect the equipment used in the network and recommend the type of equipment to be used by the service providers;

(l) maintain register of interconnect agreements and of all such other matters as may be provided in the regulations;

(m) keep register maintained under clause (l) open for inspection to any member of public on payment of such fee and compliance of such other requirements as may be provided in the regulations;

(n) settle disputes between service providers;

(o) render advice to the Central Government in the matters relating to the development of telecommunication technology and any other matter relatable to telecommunication industry in general;

(p) levy fees and other charges at such rates and in respect of such services as may be determined by regulations;

(q) ensure effective compliance of universal service obligations;

(r) perform such other functions including such administrative and financial functions as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act.

13 of 1885.

(2) Notwithstanding anything contained in the Indian Telegraph Act, 1885, the Authority may, from time to time, by order, notify in the Official Gazette the rates at which the telecommunication services within India and outside India shall be provided under this Act including the rates at which messages shall be transmitted to any country outside India.

Provided that the Authority may notify different rates for different persons or class of persons for similar telecommunication services and where different rates are fixed as aforesaid the Authority shall record the reasons therefor.

(3) While discharging its functions under sub-section (1), the Authority shall not act against the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality.

(4) The Authority shall ensure transparency while exercising its powers and discharging its functions.

12. (1) Where the Authority considers it expedient so to do, it may, by order in writing,—

(a) call upon any service provider at any time to furnish in writing such information or explanation relating to its affairs as the Authority may require; or

(b) appoint one or more persons to make an inquiry in relation to the affairs of any service provider; and

(c) direct any of its officers or employees to inspect the books of account or other documents of any service provider.

(2) Where any inquiry in relation to the affairs of a service provider has been undertaken under sub-section (1),—

(a) every officer of the Government Department, if such service provider is a department of the Government;

(b) every director, manager, secretary or other officer, if such service provider is a company; or

Powers of Authority to call for information, conduct investigations, etc.

(c) every partner, manager, secretary or other officer, if such service provider is a firm; or

(d) every other person or body of persons who has had dealings in the course of business with any of the persons mentioned in clauses (b) and (c),

shall be bound to produce before the Authority making the inquiry, all such books of account or other documents in his custody or power relating to, or having a bearing on the subject-matter of such inquiry and also to furnish to the Authority with any such statement or information relating thereto, as the case may be, required of him, within such time as may be specified.

(3) Every service provider shall maintain such books of account or other documents as may be prescribed.

(4) The Authority shall have the power to issue such directions to service providers as it may consider necessary for proper functioning by service providers.

Power of
Authority to
issue directions.

13. The Authority may, for the discharge of its functions under sub-section (1) of section 11, issue such directions from time to time to the service providers, as it may consider necessary.

CHAPTER IV

SETTLEMENT OF DISPUTES

Authority to
settle disputes.

14. (1) If a dispute arises, in respect of matters referred to in sub-section (2), among service providers or between service providers and a group of consumers, such disputes shall be adjudicated by a bench constituted by the Chairperson and such bench shall consist of two members:

Provided that if the members of the bench differ on any point or points they shall state the point or points on which they differ and refer the same to a third member for hearing on such point or points and such point or points shall be decided according to the opinion of that member.

(2) The bench constituted under sub-section (1) shall exercise, on and from the appointed day all such jurisdiction, powers and authority as were exercisable immediately before that date by any civil court on any matter relating to—

- (i) technical compatibility and inter-connections between service providers;
- (ii) revenue sharing arrangements between different service providers;
- (iii) quality of telecommunication services and interest of consumers;

Provided that nothing in this sub-section shall apply in respect of matters relating to—

(a) the monopolistic trade practice, restrictive trade practice and unfair trade practice which are subject to the jurisdiction of the Monopolies and Restrictive Trade Practices Commission established under sub-section (1) of section 5 of the Monopolies and Restrictive Trade Practices Act, 1969;

54 of 1969.

(b) the complaint of an individual consumer maintainable before a Consumer Disputes Redressal Forum or a Consumer Disputes Redressal Commission or the National Consumer Redressal Commission established under section 9 of the Consumer Protection Act, 1986;

68 of 1986.

(c) dispute between telegraph authority and any other person referred to in sub-section (1) of section 7B of the Indian Telegraph Act, 1885.

13 of 1885.

Filing of
application to
Authority and
procedure for
passing order
by it.

15. (1) An aggrieved person may make an application in respect of matters referred to in sub-section (2) of section 14 within such period as may be prescribed.

Explanation.—For the purposes of this sub-section, the expression “aggrieved person” means—

- (i) any service provider who has a dispute in respect of matters referred to in clauses (i) and (ii) of sub-section (2) of section 14;

(ii) where any loss or damage is caused to a group of consumers, any member representing such group of consumers.

(2) On receipt of an application made under sub-section (1), the Authority may, after giving the parties an opportunity of being heard, pass such orders as it thinks fit preferably within a period of six months from the date of filing of such application and shall record reasons in writing if final order cannot be passed within the said period.

(3) While arriving at a decision, the Authority shall record in writing the reasons for such decision.

(4) Every decision of the Authority shall be published in the annual report of the Authority.

(5) The orders and directions of the Authority shall be binding on the service providers, Government and all other persons concerned.

16. (1) The Authority shall be guided by the principles of natural justice.

Procedure and powers of Authority.

5 of 1908.

(2) The Authority shall have, for the purpose of discharging their functions under this Chapter, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 in respect of the following matters, namely:—

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

(c) receiving evidence on affidavits;

(d) issuing commissions for the examination of witnesses or documents;

(e) reviewing its decisions;

(f) dismissing an application for default or deciding it *ex parte*;

(g) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*;

(h) any other matter which may be prescribed.

45 of 1860.
2 of 1974.

(3) Every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code and the Authority shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

17. The applicant may either appear in person or authorise one or more legal practitioners or any of its officers to present his or its case before the Authority.

Right to legal representation.

18. Any person aggrieved by any decision or order of the Authority may file an appeal to the High Court within thirty days from the date of communication of the decision or order of the Authority to him:

Appeal to High Court.

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

19. Every order made by the Authority under this Act or the order made by the High Court in any appeal against any order of the Authority shall, on a certificate issued by any officer of the Authority or the Registrar of the High Court, as the case may be, be deemed to be decree of the civil court and shall be executable in the same manner as a decree of that court.

Orders passed by Authority or High Court to be executable as a decree.

20. If any person wilfully fails to comply with the orders of the Authority or any order of the High Court, as the case may be, he shall be punishable with fine which may extend to one lakh rupees and in case of a second or subsequent offence with fine which may extend to two lakh rupees and in the case of continuing contravention with additional fine which may extend to two lakh rupees for every day during which the default continues.

Penalty for wilful failure to comply with orders of Authority or High Court.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

grants by
central
government.

21. The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of money as are required to pay salaries and allowances payable to the Chairperson and the members and the administrative expenses including the salaries, allowances and pension payable to or in respect of officers and other employees of the Authority.

and.

22. (1) There shall be constituted a Fund to be called the Telecom Regulatory Authority of India General Fund and there shall be credited thereto—

(a) all grants, fees and charges received by the Authority under this Act; and

(b) all sums received by the Authority from such other sources as may be decided upon by the Central Government.

(2) The Fund shall be applied for meeting—

(a) the salaries and allowances payable to the Chairperson and members and the administrative expenses including the salaries, allowances and pension payable to or in respect of officers and other employees of the Authority; and

(b) the expenses on objects and for purposes authorised by this Act.

accounts and
dit.

23. (1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General generally has, in connection with the Audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(4) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

furnishing of
returns, etc., to
central
government.

24. (1) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of the telecommunication services, as the Central Government, from time to time, require.

(2) The Authority shall prepare once every year in such form and at such time as may be prescribed, an annual report giving a summary of its activities during the previous year and copies of the report shall be forwarded to the Central Government.

(3) A copy of the report received under sub-section (2) shall be laid, as soon as may be after it is received, before each House of Parliament.

CHAPTER VI

MISCELLANEOUS

power of the
central
government to
give directions.

25. (1) The Central Government may, from time to time, issue to the Authority such directions as it may think necessary in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality.

(2) Without prejudice to the foregoing provisions, the Authority shall, in exercise of its powers or the performance of its functions, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(3) The decision of the Central Government whether a question is one of policy or not shall be final.

45 of 1860.

26. All members, officers and other employees of the Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of section 21 of the Indian Penal Code.

Members,
officers and
employees
of Authority
to be public
servants.
Bar of
jurisdiction.

27. No civil court shall have jurisdiction in respect of any matter which the Authority is empowered by or under this Act to determine.

28. No suit, prosecution or other legal proceedings shall lie against the Central Government or the Authority or any officer of Central Government or any member, officer or other employees of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.

Protection of
action taken in
good faith.

29. If a person violates directions of the Authority, such person shall be punishable with fine which may extend to one lakh rupees and in case of second or subsequent offence with fine which may extend to two lakh rupees and in the case of continuing contravention with additional fine which may extend to two lakh rupees for every day during which the default continues.

Penalty for
contravention of
directions of
Authority.

30. (1) Where an offence under this Act has been committed by a company, every person who at the time offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Offences by
companies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he has exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

31. (1) Where an offence under this Act has been committed by any Department of Government, the Head of the Department shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Offences by
Government
Departments.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a Department of Government and it is proved that the offence has been committed with consent or connivance of, or is attributable to any neglect on the part of, any officer, other than the Head of the Department, such officer shall also

be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Exemption from
tax on wealth
and income.

32. Notwithstanding anything contained in the Wealth-tax Act, 1957, the Income-tax Act, 1961, or any other enactment for the time being in force relating to tax on wealth, income, profits or gains, the Authority shall not be liable to pay wealth-tax, income-tax or any other tax in respect of their wealth, income, profits or gains derived.

27 of 1957.
43 of 1961.

Delegation.

33. The Authority may, by general or special order in writing, delegate to any member, officer of the Authority or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the power to settle dispute under Chapter IV and to make regulation under section 36) as it may deem necessary.

Cognizance of
offences.

34. (1) No court shall take cognizance of any offence punishable under this Act or the rules or regulations made thereunder, save on a complaint made by the Authority.

(2) No court inferior to that of a Chief Metropolitan Magistrate or a Chief Judicial Magistrate of the first class shall try any offence punishable under this Act.

Power to make
rules.

35. (1) The Central Government may, by notification, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the salary and allowances payable to and the other conditions of service of the Chairperson and members under sub-section (5) of section 5;

(b) the powers and functions of the Chairperson under sub-section (1) of section 6;

(c) the procedure for conducting an inquiry under sub-section (2) of section 7;

(d) the category of books of account or other documents which are required to be maintained under sub-section (3) of section 12;

(e) the period within which an application is to be made under sub-section (1) of section 15;

(f) the manner in which the accounts of the Authority shall be maintained under sub-section (1) of section 23;

(g) the time within which and the form and manner in which returns and report are to be made to the Central Government under sub-sections (1) and (2) of section 24;

(h) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

Power to make
regulations.

36. (1) The Authority may, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the times and places of meetings of the Authority and the procedure to be followed at such meetings under sub-section (1) of section 8, including quorum necessary for the transaction of business;

(b) the transaction of business at the meetings of the Authority under sub-section (4) of section 8;

(c) the salaries and allowances payable to and the other conditions of service of officers and other employees of the Authority under sub-section (2) of section 10;

(d) matters in respect of which register is to be maintained by the Authority under clause (1) of sub-section (1) of section 11;

(e) levy of fee and lay down such other requirements on fulfilment of which a copy of register may be obtained under clause (m) of sub-section (1) of section 11;

(f) levy of fees and other charges under clause (p) of sub-section (1) of section 11.

37. Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Rules and regulations to be laid before Parliament.

13 of 1885.
17 of 1933.

38. The provisions of this Act shall be in addition to the provisions of the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933 and, in particular, nothing in this Act shall affect any jurisdiction, powers and functions required to be exercised or performed by the Telegraph Authority in relation to any area falling within the jurisdiction of such Authority.

Application of certain laws.

39. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Ord. 11 of 1997.

40. (1) The Telecom Regulatory Authority of India Ordinance, 1997 is hereby repealed.

Repeal and saving.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

In the context of the National Telecom Policy, 1994 which, while stressing, amongst others, on achieving universal services, seeks to bring the quality of telecom services to world standards, to provide for a wide range of services to meet customer's demand at reasonable prices and to provide for participation of companies registered in India in the area of basic as well as value added service, to make arrangement for the protection and promotion of consumer's interest and to ensure fair competition, it was felt to separate the regulatory functions from the service providing functions which will be in keeping with the general trend in the world. In the multi-operator situation, arising out of the opening of basic as well as value-added services in which private operators will be competing with the Government operators, there is a pressing need for an independent telecom regulatory body for regulation of telecom services and the orderly and healthy growth of the telecommunications infrastructure besides the protection of interests of the consumers.

2. Earlier, it was proposed to set up an indepent Telecom Regulatory Authority as a non-statutory body and for that purpose the Indian Telegraph (Amendment) Bill, 1995 was introduced and then passed by the Lok Sabha on 6th August, 1995. At the time of consideration of the aforesaid Bill in the Rajya Sabha, the Members of that House expressed a view that the steps should be taken to set up a statutory authority. Similar views were also expressed by the Standing Committee on Communications. To achieve the aforesaid object, a comprehensive Bill, namely, the Telecom Regulatory Authority of India, 1995 was prepared and notice for introduction was sent to the Lok Sabha but the same could not be introduced. Subsequently, on 27th January, 1996 the Telecom Regulatory Authority of India Ordinance, 1996 (Ord. 10 of 1996) was promulgated with a view to confer statutory status on the Telecom Regulatory Authority. A Bill to replace the said Ordinance was introduced in the Lok Sabha on 27th February, 1996. The same could not come up for consideration and passing in the 16th session of the Lok Sabha. Consequently, the Telecom Regulatory Authority of India (Second) Ordinance, 1996 was promulgated on 27th March, 1996. Again the Telecom Regulatory Authority of India (Second) Ordinance, 1996 (20 of 1996) lapsed on 4th July, 1996. Later on, the Telecom Regulatory Authority of India Bill, 1996 was introduced on 23rd July, 1996. This Bill was referred to the Standing Committee on Communications and report of the Standing Committee was tabled in both the Houses of Parliament in November, 1996.

3. The Government, after considering the report, decided to set up the authority on the lines of the Telecom Regulatory Authority of India Bill, 1996 incorporating therein suggestions of the Standing Committee with modifications and in certain cases without modifications. As the Parliament was not in session and the President was satisfied that circumstances existed which rendered it necessary for him to take immediate action, the Telecom Regulatory Authority of India Ordinance, 1997 (Ord. 11 of 1997) was promulgated on 25th January, 1997.

4. Now it is proposed to withdraw the Telecom Regulatory Authority of India Bill, 1996 which is pending in the Lok Sabha and to introduce the Telecom Regulatory Authority of India Bill, 1997 which seeks to replace the Telecom Regulatory Authority of India Ordinance, 1997.

5. The salient features of the proposed Bill are as follows:—

(i) the Authority shall consist of a Chairperson and a minimum of two and a maximum of six members;

(ii) a person who is or has been a Judge of the Supreme Court or who is or has been the Chief Justice of a High Court shall be eligible to be appointed as a Chairperson of the Authority;

(iii) the members shall be persons of ability with varied experience in public utility services who have special knowledge of, and professional experience, in the

field of telecommunications, industry, finance, accountancy, law, management and consumer affairs. No appointment of a person possessing qualifications, as specified above, shall be made as a member from amongst employees of the Government unless such person has held the post of Secretary or Additional Secretary or any equivalent post in the Central or State Governments for period of not less than three years;

(iv) the powers and functions of the Authority, *inter alia*, are to—

(a) recommend the need and timing for introduction of new service provider;

(b) recommend the terms and conditions of the licence to a service provider;

(c) ensure technical compatibility and effective inter-connection between different service providers;

(d) regulate arrangements of sharing of revenue derived from providing telecommunication services amongst service providers;

(e) recommend revocation of licence for non-compliance of terms and conditions of licence;

(f) ensure compliance of terms and conditions of Licence;

(g) protect the interests of customers of telecommunication service;

(h) settle disputes between service providers;

(i) fix rates for providing telecommunication service within India and outside India;

(j) ensure effective compliance of universal service obligations;

(k) monitor the quality of service and conduct periodical survey of such service provided by the service providers;

(l) inspect the equipment used in the network and recommend the type of equipment to be used by the service providers;

(m) maintain register of inter-connect agreements and of all such other matters as may be provided in the regulations;

(n) keep register maintained under clause (m) open for inspection to any member of public on payment of such fee and compliance of such other requirements as may be provided in the regulations.

6. The Authority shall have an in-built dispute settlement mechanism including procedure to be followed in this regard as well as a scheme of punishment in the event of non-compliance of its orders.

7. The Authority will have to maintain transparency while exercising its powers and functions. The powers and functions would enable the Authority to perform a role of watch-dog for the telecom sector in an effective manner.

8. In order that the Authority functions in a truly independent manner and discharges its assigned responsibilities effectively, it is proposed to vest the Authority with statutory status.

9. The Bill seeks to achieve the above objectives.

Notes on clauses

Clause 2 defines the various expressions occurring in the Bill.

Clause 3 provides for the establishment of the Telecom Regulatory Authority of India by the Central Government. The Authority shall consist of a Chairperson and minimum two members and maximum six members which shall be appointed by the Central Government. The head office of the Authority shall be at New Delhi.

Clause 4 makes provisions regarding the qualifications to be fulfilled for appointment as Chairperson and members of the Authority.

Clause 5 contains provisions regarding the terms of office, conditions of service, etc., of Chairperson and other members of the Authority. This clause, *inter alia*, provides that the Chairperson shall hold office for a term of five years from the date on which he enters upon his office and the members shall hold office for a term of five years from the date on which he enters upon his office or until he attains the age of sixty-five years, whichever is earlier. This clause states that the Chairperson or the members ceasing to hold office in the Authority shall be ineligible for further employment under the Central Government, State Government and will not accept any commercial employment for a period of two years from the date he ceases to hold such office.

Clause 6 contains provisions regarding powers of the Chairperson and Vice-Chairperson. This clause further provides that the Central Government may appoint one of the members to act as the Vice-Chairperson of the Authority.

Clause 7 contains provisions for removal and suspension of members from office in certain circumstances.

Clause 8 contains detailed provisions regarding conduct of the meetings of the Authority.

Clause 9 provides that no act or proceeding of the Authority shall be invalid by reasons of any vacancy in, or any defect in the constitution of, the Authority or any defect in the appointment of a person acting as a member of the Authority.

Clause 10 makes provisions for appointment of officers and other employees in the Authority and for determination of the salaries and allowances and the other terms and conditions of service of such officers and employees.

Clause 11 lays down the powers and functions of the Authority. The functions of the Authority, *inter alia*, shall be to—

- (a) recommend the need and timing for introduction of new service provider;
- (b) recommend the terms and conditions of licence to a service provider;
- (c) ensure technical compatibility and effective inter-connection between different service providers;
- (d) regulate arrangement of sharing revenue derived from providing telecommunication services;
- (e) ensure compliance of licence conditions by all service providers;
- (f) recommend revocation of licence for non-compliance of terms and conditions of licence;
- (g) lay down and ensure the time period for providing local and long distance circuits of telecommunication between different service providers;
- (h) facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services;
- (i) protect the interest of the consumers of telecommunication service;

(j) monitor the quality of service and conduct the periodical survey of such service provided by the service providers;

(k) inspect the equipment used in the network and recommend the type of equipment to be used by the service providers;

(l) maintain register of interconnect agreements and of all such other matters as may be provided in the regulations;

(m) keep register maintained under clause (1) open for inspection to any member of public on payment of such fee and compliance of such other requirements as may be provided in the regulations;

(n) settle disputes between service providers;

(o) fix rates for providing telecommunication service within India and outside India including the rates at which messages shall be transmitted to any country outside India;

(p) render advice to the Central Government in the matters relating to the development of telecommunication technology and any other matter relatable to telecommunication industry in general;

(q) levy fees and other charges at such rates and in respect of such services as may be determined by regulations;

(r) ensure effective compliance of universal service obligations;

(s) perform such other functions including such administrative and financial functions as may be entrusted to it by the Government or as may be necessary to carry out the provisions of this Bill.

The Authority shall ensure transparency while exercising its powers and discharging its functions. This clause further states that the Authority shall not act against the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order or decency or morality.

Clause 12, inter alia, to empower the Authority to call information from any service provider, conduct enquiry in relation to the affairs of any service provider and direct any of its officers or employees to inspect the books of account or other documents of any service provider and to issue such directions to service provider as it may consider necessary, for proper functioning by service providers.

Clause 13 seeks to empower the Authority to issue directions from time to time to the service provider for discharging of its functions.

Clause 14 makes detailed provisions for settlement of disputes among service providers or between service providers and a group of consumers. This clause *inter alia*, provides that such disputes shall be adjudicated by a bench consisting of two members constituted by the Chairperson. The provisions of this clause shall not be applied in respect of matters related to (a) monopolistic trade practice, restrictive trade practice and unfair trade practice which are subject-matter of the Monopolies and Restrictive Trade Practices Commission, (b) complaint of an individual consumer maintainable before a consumer disputes redressal forum or a Consumer Disputes Redressal Commission, or National Consumer Redressal Commission, and (c) disputes between Telegraph Authority and any other person referred to in sub-section (1) of section 7B of the Indian Telegraph Act, 1885.

Clause 15 contains detailed provisions for filing of application by any aggrieved person for settlement of disputes by the Authority and procedure for passing order thereon by the Authority.

Clause 16 contains the procedure and powers of the Authority for the purpose of discharging its functions for settlement of disputes under Chapter IV of the Bill.

Clause 17 provides for right to legal representation by an applicant before the Authority.

Clause 18 contains provisions for filing an appeal to the High Court by any person aggrieved by any decision or order of the Authority.

Clause 19 states that every order made by the Authority or the High Court shall be executable in the same manner as a decree of the civil court.

Clause 20 seeks to provide for penalty for wilful failure to comply with the orders of the Authority or the High Court.

Clause 21 contains provisions for grants of such sum of money as the Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority to pay salaries and allowances payable to the Chairperson and the members and the administrative expenses including the salaries, allowances and pension payable to or in respect of officers and other employees of the Authority.

Clause 22 provides for constitution of the Telecom Regulatory of India General Fund. It further provides for grants, fees and charges to be credited thereto and all payments should be made therefrom.

Clause 23 provides for usual provisions regarding maintenance of proper accounts and other relevant records by the Authority as may be prescribed by the Central Government. The accounts of the Authority should be audited and certified by the Comptroller and Auditor-General of India which would be laid before Parliament by the Central Government.

Clause 24 provides for furnishing of returns, statements and annual report by the Authority to the Central Government. A copy of the annual report shall be laid, as soon as may be after it is received, before each House of Parliament.

Clause 25 confers powers on the Central Government to issue directions to the Authority.

Clause 26 specifies that members, officers and other employees of the Authority shall be deemed to be public servants.

Clause 27 specifies that no civil court shall have jurisdiction in respect of any matter which the Authority is empowered by or under this Bill to determine.

Clause 28 provides for usual provisions relating to the protection of action taken in good faith.

Clause 29 provides for penalty for contravention of the directions of the Authority.

Clause 30 provides that any offence committed by a company and punishable under the Bill would cover the person in charge of the company.

Clause 31 provides that any offence committed by any Department of Government and punishable under the Bill would cover its Head of the Department.

Clause 32 provides the Authority with exemption from tax on wealth and income.

Clause 33 provides for delegation of certain powers of the Authority.

Clause 34 lays down that a court should take cognizance of offences punishable under the provisions of the Bill or any rules and regulations made thereunder only on a complaint made by the Authority. This clause further states that no court inferior to that of a Chief Metropolitan Magistrate or a Chief Judicial Magistrate of the first class shall try any offence punishable under the Bill.

Clause 35 confers on the Central Government the power to make rules for carrying out the provisions of the Bill.

Clause 36 empowers the Authority to make regulations consistent with the Bill.

Clause 37 lays down that the rules and regulations made under the Bill would be laid before Parliament.

Clause 38 provides that the provisions of the Bill are in addition to the provisions of the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933 and nothing in the Bill shall affect any jurisdiction, powers and functions required to be exercised or performed by the Telegraph Authority in relation to any area falling within the jurisdiction of such Authority.

Clause 39 seeks to empower the Central Government to remove difficulties which may arise in giving effect to the provisions of the Bill.

Clause 40 seeks to repeal the Telecom Regulatory Authority of India Ordinance, 1997 and save actions taken thereunder as if taken under the corresponding provisions of the Bill.

FINANCIAL MEMORANDUM

The Central Government in pursuance of the power conferred on it by sub-section (1) of section 3 of the Telecom Regulatory Authority of India Ordinance, 1997 has set up the statutory Telecom Regulatory Authority of India. Recurring expenditure towards pay and allowances, etc., the Chairperson and members under sub-clause (5) of clause 5 and of the officers and other employees under clause 10 is estimated approximately at Rs. 47 lakhs per annum. Rough estimation of non-recurring expenditure on items such as furniture, office equipment, vehicle, etc., would be approximately of the order of Rs. 75 lakhs.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 35 of the Bill empowers the Central Government to make rules to provide for, among other matters, salaries and allowances and other conditions of service of the Chairperson and other members, powers and functions of Chairperson and Vice-Chairperson, the form in which the Authority may maintain its accounts and the manner of audit of accounts, the time within which and the form and manner in which returns and reports are to be made to the Central Government, the manner in which service providers shall maintain books of account and other documents and the time within which an aggrieved person may make an application before the Authority under Chapter IV of the Bill.

Clause 36 of the Bill empowers the Authority, to make regulations to provide for the terms and conditions of service of officers and other employees of the Authority, the time and place of meeting of the Authority and the procedure to be followed at such meeting (including quorum), transaction of business at the meetings, the matters in respect of which register is to be maintained by the Authority, the requirements on compliance of which a copy of the register may be obtained and the service in respect of which fee and other charges are to be levied as well as the rates of the same.

The matter in respect of which rules and regulations may be made are generally matters of procedure and administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, normal in character.

MEMORANDUM EXPLAINING THE MODIFICATIONS IN THE BILL TO REPLACE THE TELECOM REGULATORY AUTHORITY OF INDIA ORDINANCE (NO. 11 OF 1997).

The Telecom Regulatory Authority of India Bill 1997 which seeks to replace the Telecom Regulatory Authority of India Ordinance 1997 proposes to make the following modifications:

(1) In order to make the composition of the Authority more comprehensive and broad-based Clause 3(3) has been modified to provide for a Chairperson and not less than two but not exceeding six Members.

(2) In order to have Members from different disciplines Clause 4(2) has been modified to the extent that the Members shall be persons of ability with varied experience in public utility service who have special knowledge of, and professional experience, in the field of telecommunications, industry, finance, accountancy, law, management and consumer affairs. It has further been provided that no appointment of a person possessing qualifications, as specified above, shall be made as a Member from amongst employees of the Government unless such person has held the post of Secretary or Additional Secretary or any equivalent post in the Central or State Governments for period of not less than three years.

(3) Clause 7 of the Bill has been suitably modified to provide for powers to the Central Government to remove/suspend the Chairperson or Members of the Authority. Sub-clause (3) of Clause 7 of the Bill provides that Central Government may suspend from office the Chairperson or other Member in respect of whom a reference has been made to the Supreme Court and an order is passed on receipt of the report of the Supreme Court on such reference.

(4) Sub-clause (2) of Clause 7 empowers the Central Government to remove Chairperson or any other Member on the grounds specified in Clauses (d) and (e) of sub-clause (2) of clause 7 and in respect of such grounds after the Supreme Court on a reference made to it by the Central Government has on enquiry held in accordance with the procedure prescribed reported that the Chairperson or such other Member, as the case may be ought on any such ground be removed.

(5) Sub-clause (1) of Clause 7 empowers the Central Government to remove from office Chairperson or any other Member on the grounds specified thereunder.

(6) In order to provide adequate time to fill up the vacancy of the Chairperson or Members, sub-clause (9) of Clause 5 of the Bill has been modified raising the time period for filling up of these vacancies to three months as against two months as provided for in the Ordinance.

(7) In order to enhance the Powers and functions of the Authority additional provision has been made in sub-clause (1) of Clause 11 to provide for monitoring the quality of service by the service providers, conducting of periodical surveys on quality of service achieved by different service providers and recommending and inspecting the equipment used in the network. It also provides that the Authority, should keep a register at its Head Office and enter herein such particulars as may be provided by regulation. Also, any person can inspect these registers on payment of such fees and on fulfilment of such requirements as may be provided by regulation.

(8) Sub-clause (2) of Clause 35 has been modified to include therein the powers of the Central Government to make rules on the procedure for conducting an enquiry made under sub-clause (1) of Clause 7 which provides for removal of Chairperson or Members.

9. Clause (2) of Clause 36 has been modified to include therein the powers of the Authority to make regulations in respect of subjects for which a register is to be maintained by the Authority under clause (1) of sub-section (1) of section 11. It is also proposed

to empower the Authority to make regulation for levy of fee and for laying down such other requirements on fulfilment of which, a copy of register may be obtained by any person under clause (m) of sub-section (1) of section 11.

BILL No. 41 OF 1997

A Bill further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Forty-eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Reserve Bank of India (Amendment) Act, 1997.

Short title and
commence-
ment.

(2) The provisions of this Act, other than section 9, shall be deemed to have come into force on the 9th day of January, 1997, and section 9 shall come into force on the 1st day of April, 1997.

2 of 1934.

2. In section 45-I of the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act),—

Amendment of
section 45-I.

(1) clause (a) shall be renumbered as clause (aa) and before clause (aa) as so renumbered, the following clause shall be inserted, namely:—

‘(a) “business of a non-banking financial institution” means carrying on of the business of a financial institution referred to in clause (c) and includes business of a non-banking financial company referred to in clause (f)’;

(2) in clause (c),—

(i) for the portion beginning with the words “but does not include any institution, which,—” and ending with the brackets, letter and words “(a) agricultural operations; or”, the following shall be substituted, namely:—

“but does not include any institution, which carries on as its principal business,—

(a) agricultural operations; or

(aa) industrial activity; or”;

(ii) the following *Explanation* shall be inserted at the end, namely:—

Explanation.—For the purposes of this clause, “industrial activity” means any activity specified in sub-clauses (i) to (xviii) of clause (c) of section 2 of the Industrial Development Bank of India Act, 1964;’ 18 of 1964.

(3) after clause (e), the following clause shall be inserted, namely:—

‘(f) “non-banking financial company” means—

(i) a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.’

**Insertion of
new sections
45-IA, 45-IB
and 45-IC.**

3. After section 45-I of the principal Act, the following sections shall be inserted, namely:—

**Requirement of
registration and
net owned fund.**

“45-IA. (1) Notwithstanding anything contained in this Chapter or in any other law for the time being in force, no non-banking financial company shall commence or carry on the business of a non-banking financial institution without—

(a) obtaining a certificate of registration issued under this Chapter; and

(b) having the net owned fund of fifty lakh rupees or such other amount, not exceeding two hundred lakh rupees, as the Bank may, by notification in the Official Gazette, specify.

(2) Every non-banking financial company shall make an application for registration to the Bank in such form as the Bank may specify:

Provided that a non-banking financial company in existence on the commencement of the Reserve Bank of India (Amendment) Act, 1997 shall make an application for registration to the Bank before the expiry of six months from such commencement and notwithstanding anything contained in sub-section (1) may continue to carry on the business of a non-banking financial institution until a

certificate of registration is issued to it or rejection of application for registration is communicated to it.

(3) Notwithstanding anything contained in sub-section (1), a non-banking financial company in existence on the commencement of the Reserve Bank of India (Amendment) Act, 1997 and having a net owned fund of less than fifty lakh rupees may, for the purpose of enabling such company to fulfil the requirement of the net owned fund, continue to carry on the business of a non-banking financial institution—

(i) for a period of three years from such commencement; or

(ii) for such further period as the Bank may, after recording the reasons in writing for so doing, extend,

subject to the condition that such company shall, within three months of fulfilling the requirement of the net owned fund, inform the Bank about such fulfilment:

Provided that the period allowed to continue business under this sub-section shall in no case exceed six years in the aggregate.

(4) The Bank, for the purpose of considering the application for registration, may require to be satisfied by an inspection of the books of the non-banking financial company or otherwise that the following conditions are fulfilled:—

(a) that the non-banking financial company is or shall be in a position to pay its present or future depositors in full as and when their claims accrue;

(b) that the affairs of the non-banking financial company are not being or are not likely to be conducted in a manner detrimental to the interest of its present or future depositors;

(c) that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the public interest or the interest of its depositors;

(d) that the non-banking financial company has adequate capital structure and earning prospects;

(e) that the public interest shall be served by the grant of certificate of registration to the non-banking financial company to commence or to carry on the business in India;

(f) that the grant of certificate of registration shall not be prejudicial to the operation and consolidation of the financial sector consistent with monetary stability, economic growth and considering such other relevant factors which the Bank may, by notification in the Official Gazette, specify; and

(g) any other condition, fulfilment of which in the opinion of the Bank, shall be necessary to ensure that the commencement of or carrying on of the business in India by a non-banking financial company shall not be prejudicial to the public interest or in the interest of the depositors.

(5) The Bank may, after being satisfied that the conditions specified in sub-section (4) are fulfilled, grant a certificate of registration subject to such conditions which it may consider fit to impose.

(6) The Bank may cancel a certificate of registration granted to a non-banking financial company under this section if such company—

(i) ceases to carry on the business of a non-banking financial institution in India; or

(ii) has failed to comply with any condition subject to which the certificate of registration had been issued to it; or

(iii) at any time fails to fulfil any of the conditions referred to in clauses (a) to (g) of sub-section (4); or

(iv) fails—

(a) to comply with any direction issued by the Bank under the provisions of this Chapter; or

(b) to maintain accounts in accordance with the requirements of any law or any direction or order issued by the Bank under the provisions of this Chapter; or

(c) to submit or offer for inspection its books of accounts and other relevant documents when so demanded by an inspecting authority of the Bank; or

(v) has been prohibited from accepting deposit by an order made by the Bank under the provisions of this Chapter and such order has been in force for a period of not less than three months:

Provided that before cancelling a certificate of registration on the ground that the non-banking financial company has failed to comply with the provisions of clause (ii) or has failed to fulfil any of the conditions referred to in clause (iii) the Bank, unless it is of the opinion that the delay in cancelling the certificate of registration shall be prejudicial to public interest or the interest of the depositors or the non-banking financial company, shall give an opportunity to such company on such terms as the Bank may specify for taking necessary steps to comply with such provision or fulfilment of such condition:

Provided further that before making any order of cancellation of certificate of registration, such company shall be given a reasonable opportunity of being heard.

(7) A company aggrieved by the order of rejection of application for registration or cancellation of certificate of registration may prefer an appeal, within a period of thirty days from the date on which such order of rejection or cancellation is communicated to it, to the Central Government and the decision of the Central Government where an appeal has been preferred to it, or of the Bank where no appeal has been preferred, shall be final:

Provided that before making any order of rejection of appeal, such company shall be given a reasonable opportunity of being heard.

Explanations.—For the purposes of this section,—

(1) "net owned fund" means—

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting therefrom—

- (i) accumulated balance of loss;
 - (ii) deferred revenue expenditure; and
 - (iii) other intangible assets; and
- (b) further reduced by the amounts representing—
- (1) investments of such company in shares of—
 - (i) its subsidiaries;
 - (ii) companies in the same group;
 - (iii) all other non-banking financial companies; and
 - (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with,—
 - (i) subsidiaries of such company; and
 - (ii) companies in the same group,
- to the extent such amount exceeds ten per cent. of (a) above.

1 of 1956.

(II) "subsidiaries" and "companies in the same group" shall have the same meanings assigned to them in the Companies Act, 1956.

45-IB. (1) Every non-banking financial company shall invest and continue to invest in India in unencumbered approved securities, valued at a price not exceeding the current market price of such securities, an amount which, at the close of business on any day, shall not be less than five per cent. or such higher percentage not exceeding twenty-five per cent. as the Bank may, from time to time and by notification in the Official Gazette, specify, of the deposits outstanding at the close of business on the last working day of the second preceding quarter:

Maintenance of
percentage of
assets.

Provided that the Bank may specify different percentages of investment in respect of different classes of non-banking financial companies.

(2) For the purpose of ensuring compliance with the provisions of this section, the Bank may require every non-banking financial company to furnish a return to it in such form, in such manner and for such period as may be specified by the Bank.

(3) If the amount invested by a non-banking financial company at the close of business on any day falls below the rate specified under sub-section (1), such company shall be liable to pay to the Bank, in respect of such shortfall, a penal interest at a rate of three per cent. per annum above the bank rate on such amount by which the amount actually invested falls short of the specified percentage, and where the shortfall continues in the subsequent quarters, the rate of penal interest shall be five per cent. per annum above the bank rate on such shortfall for each subsequent quarter.

(4) (a) The penal interest payable under sub-section (3) shall be payable within a period of fourteen days from the date on which a notice issued by the Bank demanding payment of the same is served on the non-banking financial company and, in the event of a failure of the non-banking financial company to pay the same within such period, penalty may be levied by a direction of the principal civil court having jurisdiction in the area where an office of the defaulting non-banking financial company is situated and such direction shall be made only upon an application made in this behalf to the court by the Bank; and

(b) when the court makes a direction under clause (a), it shall issue a certificate specifying the sum payable by the non-banking financial company and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a suit.

(5) Notwithstanding anything contained in this section, if the Bank is satisfied that the defaulting non-banking financial company had sufficient cause for its failure to comply with the provisions of sub-section (1), it may not demand the payment of the penal interest.

Explanation.—For the purposes of this section,—

(i) "approved securities" means securities of any State Government or of the Central Government and such bonds, both the principal whereof and the interest whereon shall have been fully and unconditionally guaranteed by any such Government;

(ii) "unencumbered approved securities" includes the approved securities lodged by the non-banking financial company with another institution for an advance or any other arrangement to the extent to which such securities have not been drawn against or availed of or encumbered in any manner;

(iii) "quarter" means the period of three months ending on the last day of March, June, September or December.

Reserve fund.

45-IC. (1) Every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent. of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Bank from time to time and every such appropriation shall be reported to the Bank within twenty-one days from the date of such withdrawal:

Provided that the Bank may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the Bank and having regard to the adequacy of the paid-up capital and reserves of a non-banking financial company in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the non-banking financial company for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the non-banking financial company.

Insertion of new section 45JA.

Power of Bank to determine policy and issue directions

4. After section 45J of the principal Act, the following section shall be inserted, namely:—

"45JA. (1) If the Bank is satisfied that, in the public interest or to regulate the financial system of the country to its advantage or to prevent the affairs of any non-banking financial company being conducted in a manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the non-banking financial company, it is necessary or expedient so to do, it may determine the policy and give

directions to all or any of the non-banking financial companies relating to income recognition, accounting standards, making of proper provision for bad and doubtful debts, capital adequacy based on risk weights for assets and credit conversion factors for off balance-sheet items and also relating to deployment of funds by a non-banking financial company or a class of non-banking financial companies or non-banking financial companies generally, as the case may be, and such non-banking financial companies shall be bound to follow the policy so determined and the directions so issued.

(2) Without prejudice to the generality of the powers vested under sub-section (1), the Bank may give directions to non-banking financial companies generally or to a class of non-banking financial companies or to any non-banking financial company in particular as to—

(a) the purpose for which advances or other fund based or non-fund based accommodation may not be made; and

(b) the maximum amount of advances or other financial accommodation or investment in shares and other securities which, having regard to the paid-up capital, reserves and deposits of the non-banking financial company and other relevant considerations, may be made by that non-banking financial company to any person or a company or to a group of companies.”

5. In section 45MA of the principal Act,—

Amendment (section 45MA

(i) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) The Bank may, on being satisfied that it is necessary so to do, in the public interest or in the interest of the depositors or for the purpose of proper assessment of the books of accounts, issue directions to any non-banking financial company or any class of non-banking financial companies or non-banking financial companies generally or to the auditors of such non-banking financial company or companies relating to balance-sheet, profit and loss account, disclosure of liabilities in the books of account or any matter relating thereto.”;

(ii) in sub-section (2), for the words “a non-banking institution, being a company”, the words “a non-banking financial company” shall be substituted;

(iii) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(3) Where the Bank is of the opinion that it is necessary so to do in the public interest or in the interest of the non-banking financial company or in the interest of the depositors of such company, it may at any time by order direct that a special audit of the accounts of the non-banking financial company in relation to any such transaction or class of transactions or for such period or periods, as may be specified in the order, shall be conducted and the Bank may appoint an auditor or auditors to conduct such special audit and direct the auditor or the auditors to submit the report to it.

(4) The remuneration of the auditors as may be fixed by the Bank, having regard to the nature and volume of work involved in the audit and the expenses of or incidental to the audit, shall be borne by the non-banking financial company so audited.”

6. After section 45MA of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 45MB and 45MC.

Power of Bank to prohibit acceptance of deposit and alienation of assets.

“45MB. (1) If any non-banking financial company violates the provisions of any section or fails to comply with any direction or order given by the Bank under any of the provisions of this Chapter, the Bank may prohibit the non-banking financial company from accepting any deposit.

(2) Notwithstanding anything to the contrary contained in any agreement or instrument or any law for the time being in force, the Bank, on being satisfied that it is necessary so to do in the public interest or in the interest of the depositors, may direct, the non-banking financial company against which an order prohibiting from accepting deposit has been issued, not to sell, transfer, create charge or mortgage or deal in any manner with its property and assets without prior written permission of the Bank for such period not exceeding six months from the date of the order.

Power of Bank to file winding up petition.

45MC. (1) The Bank, on being satisfied that a non-banking financial company,—

(a) is unable to pay its debt; or

(b) has by virtue of the provisions of section 45-IA become disqualified to carry on the business of a non-banking financial institution; or

(c) has been prohibited by the Bank from receiving deposit by an order and such order has been in force for a period of not less than three months; or

(d) the continuance of the non-banking financial company is detrimental to the public interest or to the interest of the depositors of the company,

may file an application for winding up of such non-banking financial company under the Companies Act, 1956.

1 of 1956.

(2) A non-banking financial company shall be deemed to be unable to pay its debt if it has refused or has failed to meet within five working days any lawful demand made at any of its offices or branches and the Bank certifies in writing that such company is unable to pay its debt.

(3) A copy of every application made by the Bank under sub-section (1) shall be sent to the Registrar of Companies.

(4) All the provisions of the Companies Act, 1956 relating to winding up of a company shall apply to a winding up proceeding initiated on the application made by the Bank under this provision.”

1 of 1956.

Insertion of new sections 45NB and 45NC.

7. After section 45NA of the principal Act, the following sections shall be inserted, namely:—

Disclosure of information.

“45NB. (1) Any information relating to a non-banking financial company,—

(i) contained in any statement or return submitted by such company under the provisions of this Chapter; or

(ii) obtained through audit or inspection or otherwise by the Bank,

shall be treated as confidential and shall not, except otherwise provided in this section, be disclosed.

(2) Nothing in this section shall apply to—

(a) the disclosure by any non-banking financial company, with the previous permission of the Bank, of any information furnished to the Bank under sub-section (1);

(b) the publication by the Bank, if it considers necessary in the public interest so to do, of any information collected by it under sub-section (1) in such consolidated form as it may think fit without disclosing the name of any non-banking financial company or its borrowers;

(c) the disclosure or publication by the non-banking financial company or by the Bank of any such information to any other non-banking financial company or in accordance with the practice and usage customary amongst such companies or as permitted or required under any other law:

Provided that any such information received by a non-banking financial company under this clause shall not be published except in accordance with the practice and usage customary amongst companies or as permitted or required under any other law.

(3) Notwithstanding anything contained in this Act or in any other law for the time being in force, the Bank, if it is satisfied that, in the public interest or in the interest of the depositors or the non-banking financial company or to prevent the affairs of any non-banking financial company being conducted in a manner detrimental to the interest of the depositors, it is expedient so to do, may, either on its own motion or on being requested, furnish or communicate any information relating to the conduct of business by any non-banking financial company to any authority constituted under any law.

(4) Notwithstanding anything contained in any law for the time being in force, no court or tribunal or other authority shall compel the Bank to produce or to give inspection of any statement or other material obtained by the Bank under any provisions of this Chapter.

45NC. The Bank, on being satisfied that it is necessary so to do, may declare by notification in the Official Gazette that any or all of the provisions of this Chapter shall not apply to a non-banking institution or a class of non-banking institutions or a non-banking financial company or to any class or non-banking financial companies either generally or for such period as may be specified, subject to such conditions, limitations or restrictions as it may think fit to impose."

Power of Bank to exempt.

8. After section 45Q of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 45QA and 45QB.

"45QA. (1) Every deposit accepted by a non-banking financial company, unless renewed, shall be repaid in accordance with the terms and conditions of such deposit.

Power of Company Law Board to order repayment of deposit.

(2) Where a non-banking financial company has failed to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board constituted under section 10E of the Companies Act, 1956 may, if it is satisfied, either on its own motion or on an application of the depositor, that it is necessary so to do to safeguard the interests of the company, the depositors or in the public interest, direct, by order, the non-banking financial company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order:

Provided that the Company Law Board may, before making any order under this sub-section, give a reasonable opportunity of being heard to the non-banking financial company and the other persons interested in the matter.

Nomination by
depositors.

45QB. (1) Where a deposit is held by a non-banking institution to the credit of one or more persons, the depositor or, as the case may be, all the depositors together may nominate, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949, one person to whom in the event of the death of the sole depositor or the death of all the depositors, the amount of deposit may be returned by the non-banking institution.

10 of 1949.

(2) Notwithstanding anything contained in any other law for the time being in force, or in any disposition, whether testamentary or otherwise, in respect of such deposit, where a nomination made purports to confer on any person the right to receive the amount of deposit from the non-banking institution, the nominee shall, on the death of the sole depositor or, as the case may be, on the death of all the depositors, become entitled to all the rights of the sole depositor or, as the case may be, of the depositors, in relation to such deposit to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949.

10 of 1949.

(3) Where the nominee is a minor, it shall be lawful for the depositor making the nomination to appoint, in the manner prescribed by rules made by the Central Government under section 45ZA of the Banking Regulation Act, 1949, any person to receive the amount of deposit in the event of his death during the minority of the nominee.

10 of 1949.

(4) Payment by a non-banking institution in accordance with the provisions of this section shall constitute a full discharge to the non-banking institution of its liability in respect of the deposit:

Provided that nothing contained in this sub-section shall affect the right or claim which any person may have against the person to whom any payment is made under this section.

(5) No notice of the claim of any person, other than the person or persons in whose name a deposit is held by a non-banking institution, shall be receivable by the non-banking institution, nor shall the non-banking institution be bound by any such notice even though expressly given to it:

Provided that where any decree, order, certificate or other authority from a court of competent jurisdiction relating to such deposit is produced before a non-banking institution, the non-banking institution shall take due note of such decree, order, certificate or other authority."

Substitution
of new section
for section 45S.

9. For section 45S of the principal Act, the following section shall be substituted, namely:—

Deposits not
to be accepted
in certain cases.

"45S. (1) No person, being an individual or a firm or an unincorporated association of individuals shall, accept any deposit—

(i) if his or its business wholly or partly includes any of the activities specified in clause (c) of section 45-I; or

(ii) if his or its principal business is that of receiving of deposits under any scheme or arrangement or in any other manner, or lending in any manner:

Provided that nothing contained in this sub-section shall apply to the receipt of money by an individual by way of loan from any of his relatives.

(2) Where any person referred to in sub-section (1) holds any deposit on the 1st day of April, 1997 which is not in accordance with sub-section (1), such deposit shall be repaid by that person immediately after such deposit becomes due for repayment or within two years from the date of such commencement, whichever is earlier.

(3) On and from the 1st day of April, 1997, no person referred to in sub-section (1) shall issue or cause to be issued any advertisement in any form for soliciting deposit.

Explanation.—For the purposes of this section, a person shall be deemed to be a relative of another if, and only if,—

(i) they are members of a Hindu undivided family; or

(ii) they are husband and wife; or

(iii) the one is related to the other in the manner indicated in the List of Relatives below:—

List of Relatives

1. Father, 2. Mother (including step-mother), 3. Son (including step-son), 4. Son's wife, 5. Daughter (including step-daughter), 6. Father's father, 7. Father's mother, 8. Mother's mother, 9. Mother's father, 10. Son's son, 11. Son's son's wife, 12. Son's daughter, 13. Son's daughter's husband, 14. Daughter's husband, 15. Daughter's son, 16. Daughter's son's wife, 17. Daughter's daughter, 18. Daughter's daughter's husband, 19. Brother (including step-brother), 20. Brother's wife, 21. Sister (including step-sister), 22. Sister's husband."

10. In section 58B of the principal Act,—

Amendment of
section 58B.

(a) after sub-section (4), the following sub-sections shall be inserted, namely:—

“(4A) If any person contravenes the provisions of sub-section (1) of section 45-IA, he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to five years and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

(4AA) If any auditor fails to comply with any direction given or order made by the Bank under section 45MA, he shall be punishable with fine which may extend to five thousand rupees.

(4AAA) Whoever fails to comply with any order made by the Company Law Board under sub-section (2) of section 45QA, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to a fine of not less than rupees fifty for every day during which such non-compliance continues.”;

(b) in sub-section (5),—

(i) after the words “If any person”, the expression “other than an auditor” shall be inserted;

(ii) after clause (a), the following clause shall be inserted, namely:—

“(aa) fails to comply with any direction given or order made by the Bank under any of the provisions of Chapter III-B; or”.

Insertion of new
section 58G.

11. After section 58F of the principal Act, the following section shall be inserted, namely:—

Power of Bank
to impose fine.

“58G. (1) Notwithstanding anything contained in section 58B, if the contravention or default of the nature referred to in section 58B is committed by a non-banking financial company, the Bank may impose on such non-banking financial company—

(a) a penalty not exceeding five thousand rupees; or

(b) where the contravention or default is under sub-section (4A) or clause (a) or clause (aa) of sub-section (5) of section 58B, a penalty not exceeding five lakh rupees or twice the amount involved in such contravention or default, where the amount is quantifiable, whichever is more; and where such contravention or default is a continuing one, further penalty which may extend to twenty-five thousand rupees for every day, after the first, during which the contravention or default continues.

(2) For the purpose of imposing penalty under sub-section (1), the Bank shall serve a notice on the non-banking financial company requiring it to show cause why the amount specified in the notice should not be imposed as a penalty and a reasonable opportunity of being heard shall also be given to such non-banking financial company.

(3) Any penalty imposed by the Bank under this section shall be payable within a period of thirty days from the date on which notice issued by the Bank demanding payment of the sum is served on the non-banking financial company and, in the event of failure of the non-banking financial company to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the registered office or the head office of the non-banking financial company is situated:

Provided that no such direction shall be made, except on an application made by an officer of the Bank authorised in this behalf, to by the principal civil court.

(4) The court which makes a direction under sub-section (3), shall issue a certificate specifying the sum payable by the non-banking financial company and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(5) No complaint shall be filed against any non-banking financial company in any court of law pertaining to any contravention or default in respect of which any penalty has been imposed by the Bank under this section.

(6) Where any complaint has been filed against a non-banking financial company in a court in respect of contravention or default of the nature referred to in section 58B, no proceedings for imposition of penalty against that non-banking financial company shall be taken under this section.”.

Amendment of
the First
Schedule.

12. In the First Schedule to the principal Act, for items 1 and 2, the following items shall be substituted, namely:—

“1. The Western Area shall consist of the States of Goa, Gujarat, Madhya Pradesh and Maharashtra and the Union territories of Dadra and Nagar Haveli and Daman and Diu.

2. The Eastern Area shall consist of the States of Arunachal Pradesh, Assam, Bihar, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura and West Bengal and the Union territories of Andaman and Nicobar Islands.”.

- Ord. 2 of 1997. 13. (1) The Reserve Bank of India (Amendment) Ordinance, 1997 is hereby repealed. Repeal and saving.
- Ord. 2 of 1997. (2) Notwithstanding the repeal of the Reserve Bank of India (Amendment) Ordinance, 1997, anything done or any action taken under the principal Act as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The activities of the non-banking institutions and unincorporated bodies receiving deposits are regulated in terms of the provisions of Chapter III-B and III-C of the Reserve Bank of India Act, 1934, respectively. Until recently the emphasis was on regulating the receipt of deposits by Non-Banking Finance Companies (NBFCs) as an adjunct to credit and monetary policies and to provide indirect protection to depositors. However, experience has shown that the provisions were neither sufficient to regulate the business activities of these companies nor do they provide adequate protection to depositors.

2. The Joint Parliamentary Committee which enquired into the irregularities in securities and banking transactions had recommended that the Government should examine whether the legislative framework for regulating NBFCs is sufficiently wide. The Working Group on Financial Companies appointed by Reserve Bank of India (RBI) under the Chairmanship of Dr. A.C. Shah had suggested regulatory and control measures to ensure the healthy growth and operations of these companies.

3. Despite the [provisions before the promulgation of the Reserve Bank of India (Amendment) Ordinance, 1997] contained in Chapter III-C of the Reserve Bank of India Act, the unincorporated bodies circumvented the statutory restrictions by floating different partnership firms as and when a firm reached the level of 250 depositors. Further, it is reported that several unincorporated bodies were advertising aggressively through various media soliciting deposits from public by offering high rates of interest and other incentives.

4. The Reserve Bank of India (Amendment) Ordinance, 1997, further to amend the Reserve Bank of India Act, provides several safeguards for the NBFCs so as to ensure their viability. These include compulsory registration of the NBFCs with Reserve Bank of India (RBI), stipulation of minimum net-owned funds requirement, creation of reserve fund and transfer of certain percentage of profits every year to the fund and prescription of liquidity requirement. RBI has also been vested with powers to issue guidelines encompassing aspects such as income recognition, accounting standards, provision for bad and doubtful debts, capital adequacy, etc., which are intended to ensure sound and healthy operations and the quality of assets of these companies. RBI is also being empowered to issue directions to the auditors of NBFCs, to order special audit of NBFCs, prohibit acceptance of deposits by NBFCs, and to make application for winding up of NBFCs. Whereas earlier the only recourse available to the depositor was to approach the Court of Law for redressal of grievances, powers have been vested with the Company Law Board for directing the defaulting NBFCs to make repayment of the deposits/ interest with a view to protect the interests of the depositors.

5. The unincorporated bodies have been totally prohibited from accepting deposits for the purpose other than for personal use. They have been permitted to continue to take deposits after incorporating themselves within the regulatory framework. The unincorporated bodies have also been specifically prohibited from issuing any advertisements in any form.

6. There are reports of several finance companies and unincorporated bodies having failed to repay the deposits collected from unsuspecting depositors who have been tempted by the attractive returns and incentives offered. Concern has been expressed in several quarters on the need to take urgent steps to regulate the activities of such companies and unincorporated bodies.

7. As Parliament was not in session, the President promulgated the Reserve Bank of India (Amendment) Ordinance, 1997, on the 9th January, 1997.

8. The Bill seeks to replace the above Ordinance.

P. CHIDAMBARAM.

NEW DELHI;
The 20th February, 1997.

**Memorandum explaining the modifications contained in the Bill to replace the
Reserve Bank of India (Amendment) Ordinance, 1997**

The Reserve Bank of India (Amendment) Bill, 1997 which seeks to repeal and replace the Reserve Bank of India (Amendment) Ordinance, 1997 proposes to make the following modifications in the provisions contained in the said Ordinance:—

It is proposed to renumber clause (a) of section 2 as clause (2) and before clause (2) as so renumbered to insert clause (1) and to modify sub-section (4) of section 45IA and sub-section (1) of section 45IB as inserted by section 3, section 45QB as inserted by section 8, sub-section (1) of section 45S as inserted by section 9 and clause (b) of sub-section (1) of section 58G as inserted by section 11 of the Ordinance through the proposed Bill. The said modifications and insertions are clarificatory in nature.

BILL NO. 45 OF 1997

A Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1997-98.

BE it enacted by Parliament in the Forty-eighth Year of the Republic of India as follows:—

1. This Act may be called the Uttar Pradesh Appropriation (Vote on Account) Act, 1997. Short title.
2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be withdrawn sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of seventeen thousand and fourteen crores, fifteen lakhs and thirty-three thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1997-98. Withdrawal of Rs. 17014,15,33,000 from and out of the Consolidated Fund of the State of Uttar Pradesh for the financial year 1997-98.
3. The sums authorised to be withdrawn from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. Appropriation.

THE SCHEDULE
(See sections 2 and 3)

| 1 | 2 | | 3 | | |
|----|---|---------|---------------------|----------------------------------|---------------|
| | | | Sums not exceeding | | |
| | | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | | Rs. | Rs. | Rs. |
| 1 | Excise Department | Revenue | 9,07,80,000 | 5,000 | 9,07,85,000 |
| 2 | Housing Department | Revenue | 13,52,17,000 | 34,37,50,000 | 47,89,67,000 |
| | | Capital | 49,09,38,000 | 16,92,50,000 | 66,01,88,000 |
| 3 | Industries Department (Export Promotion) | Revenue | 25,10,000 | .. | 25,10,000 |
| | | Capital | 31,44,000 | .. | 31,44,000 |
| 4 | Industries Department (Mines and Minerals) | Revenue | 3,26,09,000 | 25,000 | 3,26,34,000 |
| | | Capital | 2,50,00,000 | .. | 2,50,00,000 |
| 5 | Industries Department (Village and Small Industries) | Revenue | 24,51,05,000 | 1,00,000 | 24,52,05,000 |
| | | Capital | 2,000 | 1,000 | 3,000 |
| 6 | Industries Department (Handloom Industry) | Revenue | 21,95,90,000 | 3,00,000 | 21,98,90,000 |
| | | Capital | 3,31,30,000 | 2,86,000 | 3,34,16,000 |
| 7 | Industries Department (Heavy and Medium Industries) | Revenue | 1,000 | 29,00,000 | 29,01,000 |
| | | Capital | 6,00,01,000 | 64,01,000 | 6,64,02,000 |
| 8 | Industries Department (Printing and Stationery) | Revenue | 21,53,40,000 | .. | 21,53,40,000 |
| 9 | Power Department | Revenue | 2,69,92,000 | .. | 2,69,92,000 |
| | | Capital | 496,96,15,000 | .. | 496,96,15,000 |
| 10 | Agriculture and other Allied Departments (Horticultural Development) | Revenue | 29,70,70,000 | 17,61,000 | 29,88,31,000 |
| | | Capital | 2,20,00,000 | .. | 2,20,00,000 |
| 11 | Agriculture and other Allied Departments (Agriculture) | Revenue | 265,13,38,000 | 1,56,000 | 265,14,94,000 |
| | | Capital | 34,01,73,000 | 25,000 | 34,01,98,000 |
| 12 | Agriculture and other Allied Departments (Area Development) | Revenue | 34,29,02,000 | .. | 34,29,02,000 |
| | | Capital | 25,00,000 | .. | 25,00,000 |
| 13 | Agriculture and other Allied Departments (Rural Development) | Revenue | 623,15,22,000 | 2,00,000 | 623,17,22,000 |
| | | Capital | 12,14,90,000 | .. | 12,14,90,000 |
| 14 | Agriculture and other Allied Departments (Panchayati Raj) | Revenue | 195,01,61,000 | 11,000 | 195,01,72,000 |
| | | Capital | 13,78,000 | .. | 13,78,000 |
| 15 | Agriculture and other Allied Departments (Animal Husbandry) | Revenue | 77,06,70,000 | 50,000 | 77,07,20,000 |
| | | Capital | 1,52,73,000 | .. | 1,52,73,000 |
| 16 | Agriculture and other Allied Departments (Dairy Development) | Revenue | 7,41,03,000 | 2,000 | 7,41,05,000 |
| | | Capital | 5,26,18,000 | .. | 5,26,18,000 |

| 1 | 2 | 3 | | |
|----------------------------------|--|---|--|-------------------------------|
| No. of Vote/ Appropriation | Services and purposes | Sums not exceeding | | |
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 17 | Agriculture and other Allied Departments (Fisheries) | Revenue 8,29,54,000 Capital 4,00,000 | 3,000 .. | 8,29,57,000 4,00,000 |
| 18 | Agriculture and other Allied Departments (Co-operative) | Revenue 15,83,17,000 Capital 276,25,35,000 | 13,61,13,000 15,17,50,000 | 29,44,30,000 291,42,85,000 |
| 19 | Personnel Department (Training and other Expenditure) | Revenue 2,09,19,000 | .. | 2,09,19,000 |
| 20 | Personnel Department (Public Service Commission) | Revenue 72,49,000 | 3,37,75,000 | 4,10,24,000 |
| 21 | Food and Civil Supplies Department | Revenue 39,37,35,000 Capital 935,41,00,000 | 2,50,43,000 35,00,25,000 | 41,87,78,000 970,41,25,000 |
| 22 | Sports Department | Revenue 6,38,78,000 Capital 3,75,55,000 | | 6,38,78,000 3,75,55,000 |
| 23 | Cane Development Department (Cane) | Revenue 26,33,27,000 Capital .. | 4,81,000 2,57,000 | 26,38,08,000 2,57,000 |
| 24 | Cane Development Department (Sugar Industry) | Revenue 13,81,44,000 Capital 81,37,51,000 | 14,87,70,000 5,51,32,000 | 28,69,14,000 86,88,83,000 |
| 25 | Home Department (Jails) | Revenue 43,86,90,000 Capital 10,12,30,000 | 2,000 .. | 43,86,92,000 10,12,30,000 |
| 26 | Home Department (Police) | Revenue 949,78,04,000 Capital 26,82,15,000 | 46,37,000 33,07,000 | 950,24,41,000 27,15,22,000 |
| 27 | Home Department (Civil Defence) | Revenue 56,18,15,000 Capital 28,70,000 | | 56,18,15,000 28,70,000 |
| 28 | Home Department (Political Pension and other Expenditure) | Revenue 20,97,82,000 | .. | 20,97,82,000 |
| *29 | Confidential Department (Governor's Secretariat) | Revenue .. | 1,15,42,000 | 1,15,42,000 |
| 30 | Confidential Department (Revenue Intelligence Directorate and other Expenditure) | Revenue 44,40,000 | .. | 44,40,000 |
| 31 | Medical Department (Medical Education and Training) | Revenue 61,28,90,000 Capital 5,01,000 | 13,000 .. | 61,29,03,000 5,01,000 |
| 32 | Medical Department (Allopathy) | Revenue 301,34,23,000 Capital 11,98,35,000 | 50,000 .. | 301,34,73,000 11,98,35,000 |
| 33 | Medical Department (Ayurvedic and Unani) | Revenue 48,78,31,000 Capital 1,000 | 2,000 .. | 48,78,33,000 1,000 |
| 34 | Medical Department (Homoeopathy) | Revenue 16,08,25,000 Capital 1,50,01,000 | 10,000 .. | 16,08,35,000 1,50,01,000 |
| 35 | Medical Department (Family Welfare) | Revenue 129,38,68,000 Capital 1,000 | 20,000 .. | 129,38,88,000 1,000 |
| 36 | Medical Department (Public Health) | Revenue 128,86,26,000 Capital 23,55,000 | 1,00,000 .. | 128,87,26,000 23,55,000 |

*Serial number relating to Charged Appropriation.

| 1 No. of Vote/ Appropriation | 2 Services and purposes | | 3 Sums not exceeding | | |
|---------------------------------------|--|---------|-------------------------|--|---------------|
| | | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | | | | |
| | | | Rs. | Rs. | Rs. |
| 37 | Urban Development Department | Revenue | 316,29,26,000 | .. | 316,29,26,000 |
| | | Capital | 30,25,12,000 | .. | 30,25,12,000 |
| 38 | Civil Aviation Department | Revenue | 4,62,63,000 | .. | 4,62,63,000 |
| | | Capital | 5,00,00,000 | .. | 5,00,00,000 |
| 39 | Language Department | Revenue | 1,79,71,000 | 45,000 | 1,80,16,000 |
| 40 | Planning Department | Revenue | 40,98,29,000 | .. | 40,98,29,000 |
| | | Capital | 30,00,02,000 | .. | 30,00,02,000 |
| 41 | Election Department | Revenue | 75,26,29,000 | .. | 75,26,29,000 |
| 42 | Judicial Department | Revenue | 78,25,76,000 | 13,74,96,000 | 92,00,72,000 |
| | | Capital | 15,50,00,000 | .. | 15,50,00,000 |
| 43 | Transport Department | Revenue | 10,33,12,000 | 6,000 | 10,33,18,000 |
| | | Capital | 15,01,000 | .. | 15,01,000 |
| 44 | Tourism Department | Revenue | 4,54,88,000 | .. | 4,54,88,000 |
| | | Capital | 10,81,65,000 | .. | 10,81,65,000 |
| 45 | Environment Department | Revenue | 51,99,58,000 | .. | 51,99,58,000 |
| | | Capital | 2,50,000 | .. | 2,50,000 |
| 46 | Administrative Reforms Department | Revenue | 44,07,000 | .. | 44,07,000 |
| 47 | Technical Education Department | Revenue | 53,06,65,000 | 2,15,01,000 | 55,21,66,000 |
| | | Capital | 2,47,95,000 | .. | 2,47,95,000 |
| 48 | Muslim Waqf Department | Revenue | 53,71,77,000 | 1,37,000 | 53,73,14,000 |
| | | Capital | 45,00,000 | .. | 45,00,000 |
| 49 | Woman and Child Welfare Department | Revenue | 86,39,13,000 | .. | 86,39,13,000 |
| | | Capital | 45,06,000 | .. | 45,06,000 |
| 50 | Revenue Department (District Administration) | Revenue | 56,45,76,000 | 18,000 | 56,45,94,000 |
| | | Capital | 11,49,45,000 | .. | 11,49,45,000 |
| 51 | Revenue Department (Relief on account of Natural Calamities) | Revenue | 64,08,45,000 | 62,56,43,000 | 126,64,88,000 |
| | | Capital | 70,62,000 | 7,43,000 | 78,05,000 |
| 52 | Revenue Department (Board of Revenue and other Expenditure) | Revenue | 226,05,94,000 | 68,91,000 | 226,74,85,000 |
| | | Capital | 26,31,000 | 5,26,000 | 31,57,000 |
| 53 | National Integration Department | Revenue | 1,95,000 | .. | 1,95,000 |
| 54 | Public Works Department (Establishment) | Revenue | 151,10,52,000 | 2,08,000 | 151,12,60,000 |
| 55 | Public Works Department (Non-residential Buildings) | Revenue | 4,83,97,000 | 93,25,000 | 5,77,22,000 |
| | | Capital | 7,13,82,000 | 50,000 | 7,14,32,000 |
| 56 | Public Works Department (Residential Buildings) | Revenue | 4,40,13,000 | 36,19,000 | 4,76,32,000 |
| | | Capital | 10,17,95,000 | 3,000 | 10,17,98,000 |
| 57 | Public Works Department (Functional Buildings) | Revenue | .. | 2,000 | 2,000 |
| | | Capital | 6,84,33,000 | 46,000 | 6,84,79,000 |
| 58 | Public Works Department (Communication) | Revenue | 162,02,41,000 | 50,000 | 162,02,91,000 |
| | | Capital | 375,17,79,000 | 3,75,00,000 | 378,92,79,000 |

| 1 No. of Vote/ Appropriation | 2 Services and purposes | 3 Sums not exceeding | | |
|---------------------------------------|--|-------------------------|--|----------------|
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 59 | Public Works Department (Estate Directorate) | | | |
| | Revenue | 11,52,02,000 | 3,000 | 11,52,05,000 |
| | Capital | 4,25,54,000 | .. | 4,25,54,000 |
| 60 | Forest Department | | | |
| | Revenue | 71,23,93,000 | 1,01,44,000 | 72,25,37,000 |
| | Capital | 3,41,000 | .. | 3,41,000 |
| 61 | Finance Department (Debt Services and other Expenditure) | | | |
| | Revenue | 250,55,84,000 | 2493,87,75,000 | 2744,43,59,000 |
| | Capital | 19,35,00,000 | 959,84,29,000 | 979,19,29,000 |
| 62 | Finance Department (Superannuation Allowances and Pensions) | | | |
| | Revenue | 648,13,69,000 | 57,69,000 | 648,71,38,000 |
| 63 | Finance Department (Treasury and Accounts Administration) | | | |
| | Revenue | 17,94,02,000 | 5,00,000 | 17,99,02,000 |
| | Capital | 1,06,17,000 | .. | 1,06,17,000 |
| 64 | Finance Department (State Lottery) | | | |
| | Revenue | 2,15,23,000 | .. | 2,15,23,000 |
| 65 | Finance Department (Audit, Small Savings, etc.) | | | |
| | Revenue | 27,65,90,000 | 2,000 | 27,65,92,000 |
| | Capital | 68,38,000 | .. | 68,38,000 |
| 66 | Finance Department (Group Insurance) | | | |
| | Revenue | 26,90,000 | 39,32,40,000 | 39,59,30,000 |
| 67 | Legislative Council Secretariat | | | |
| | Revenue | 2,59,51,000 | 7,86,000 | 2,67,37,000 |
| 68 | Legislative Assembly Secretariat | | | |
| | Revenue | 6,81,79,000 | 17,55,000 | 6,99,34,000 |
| 69 | Legislative and Parliamentary Affairs Department (Legislature) | | | |
| | Capital | 1,07,50,000 | .. | 1,07,50,000 |
| 70 | Science and Technology Department | | | |
| | Revenue | 12,79,37,000 | .. | 12,79,37,000 |
| 71 | Education Department (Primary Education) | | | |
| | Revenue | 1562,59,18,000 | 96,36,20,000 | 1658,95,38,000 |
| | Capital | 41,75,000 | .. | 41,75,000 |
| 72 | Education Department (Secondary Education) | | | |
| | Revenue | 914,22,96,000 | 55,03,84,000 | 969,26,80,000 |
| | Capital | 3,85,13,000 | .. | 3,85,13,000 |
| 73 | Education Department (Higher Education) | | | |
| | Revenue | 220,35,36,000 | 2,25,01,000 | 222,60,37,000 |
| | Capital | 4,66,51,000 | .. | 4,66,51,000 |
| 74 | Education Department (Adult Education) | | | |
| | Revenue | 13,95,42,000 | .. | 13,95,42,000 |
| 75 | Education Department (State Council of Educational Research and Training) | | | |
| | Revenue | 30,71,16,000 | .. | 30,71,16,000 |
| 76 | Labour Department (Labour Welfare) | | | |
| | Revenue | 27,26,64,000 | 2,000 | 27,26,66,000 |
| 77 | Labour Department (Employment) | | | |
| | Revenue | 34,43,62,000 | 10,000 | 34,43,72,000 |
| | Capital | 94,59,000 | .. | 94,59,000 |
| 78 | Secretariat Administration Department | | | |
| | Revenue | 37,89,80,000 | 2,000 | 37,89,82,000 |
| 79 | Social Welfare Department (Social Welfare) | | | |
| | Revenue | 62,06,03,000 | 3,000 | 62,06,06,000 |
| | Capital | 52,000 | .. | 52,000 |

| 1 | 2 | | 3 | | |
|---------------------------------------|---|---------|------------------------|--|-----------------|
| No. of Vote/ Appro- priation | Services and purposes | | Sums not exceeding | | |
| | | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | | Rs. | Rs. | Rs. |
| 80 | Social Welfare Department (Scheduled Castes and Backward Classes Welfare) | Revenue | 213,59,78,000 | 75,000 | 213,60,53,000 |
| | | Capital | 5,35,68,000 | .. | 5,35,68,000 |
| 81 | Social Welfare Department (Tribal Welfare) | Revenue | 3,41,62,000 | 1,000 | 3,41,63,000 |
| | | Capital | 1,09,60,000 | .. | 1,09,60,000 |
| 82 | Vigilance Department | Revenue | 3,80,87,000 | 25,98,000 | 4,06,85,000 |
| 84 | General Administration Department | Revenue | 9,46,000 | 1,000 | 9,47,000 |
| 85 | Public Enterprises Department | Revenue | 47,17,000 | .. | 47,17,000 |
| 86 | Information Department | Revenue | 14,62,14,000 | .. | 14,62,14,000 |
| 87 | Soldiers' Welfare Department | Revenue | 6,84,68,000 | 3,000 | 6,84,71,000 |
| 88 | Institutional Finance Department (Directorate) | Revenue | 43,94,000 | 2,000 | 43,96,000 |
| | | Capital | 14,95,61,000 | .. | 14,95,61,000 |
| 89 | Institutional Finance Department (Trade Tax) | Revenue | 57,39,40,000 | 58,000 | 57,39,98,000 |
| | | Capital | 20,01,000 | .. | 20,01,000 |
| 90 | Institutional Finance Department (Entertainment and Betting Tax) | Revenue | 2,20,51,000 | .. | 2,20,51,000 |
| 91 | Institutional Finance Department (Stamps and Registration) | Revenue | 8,57,87,000 | 2,000 | 8,57,89,000 |
| | | Capital | 1,000 | .. | 1,000 |
| 92 | Cultural Affairs Department | Revenue | 5,78,80,000 | 2,000 | 5,78,82,000 |
| | | Capital | 20,00,000 | .. | 20,00,000 |
| 93 | Irrigation Department (Establishment) | Revenue | 251,93,56,000 | 50,000 | 251,94,06,000 |
| | | Capital | 58,95,26,000 | .. | 58,95,26,000 |
| 94 | Irrigation Department (Works) | Revenue | 570,70,71,000 | 2,000 | 570,70,73,000 |
| | | Capital | 482,87,65,000 | 50,000 | 482,88,15,000 |
| 95 | Uttarakhand Development Department | Revenue | 218,16,71,000 | 5,51,000 | 218,22,22,000 |
| | | Capital | 109,24,84,000 | 9,50,000 | 109,34,34,000 |
| | | TOTAL | 13136,11,99,000 | 3878,03,34,000 | 17014,15,33,000 |

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of articles 204(1) and 206 of the Constitution read with the Proclamation issued under article 356 of the Constitution in respect of the State of Uttar Pradesh on the 17th October, 1996, to provide for the appropriation from and out of the Consolidated Fund of the State of Uttar Pradesh of the moneys required to meet the expenditure charged on the Consolidated Fund of the State of Uttar Pradesh and the grants made in advance by the Lok Sabha in respect of the estimated expenditure of the Government of Uttar Pradesh for a part of the financial year 1997-98.

P. CHIDAMB RAM.

**PRESIDENT'S RECOMMENDATION UNDER ARTICLE 207 OF THE
CONSTITUTION OF INDIA**

[Copy of letter No. F.2(62)-B(S)/96, dated the 7th March, 1997 from Shri P. Chidambaram, Minister of Finance to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of a part of the financial year 1997-98, recommends under clauses (1) and (3) of article 207 of the Constitution of India, read with clause (2) of article 206 thereof and the Proclamation dated the 17th October, 1996 issued under article 356 of the Constitution, the introduction of the Uttar Pradesh Appropriation (Vote on Account) Bill, 1997 in and the consideration of the Bill by Lok Sabha.

BILL No. 46 OF 1997

A Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year 1996-97.

BE it enacted by Parliament in the Forty-eighth Year of the Republic of India as follows:—

- | | |
|---|--|
| 1. This Act may be called the Uttar Pradesh Appropriation Act, 1997. | Short title. |
| 2. From and out of the Consolidated Fund of the State of Uttar Pradesh there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate [inclusive of the sums specified in column 3 of the Schedule to the Order made by the President on the 13th February, 1997 under sub-clause (c) of clause (1) of article 357 of the Constitution and published with the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs), No. S.O. 118 (E), dated the 13th February, 1997] to the sum of seven hundred and sixty-five crores, seventy-four lakhs and eighty-six thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1996-97, in respect of the services specified in column 2 of the Schedule. | Issue of Rs. 765,74,86,000 out of the Consolidated Fund of the State of Uttar Pradesh for the financial year 1996-97. |
| 3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Uttar Pradesh by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year. | Appropriation. |

THE SCHEDULE
(See sections 2 and 3)

| 1 No. of Vote/Appropriation | 2 Services and purposes | 3 Sums not exceeding | | |
|-----------------------------------|--|-------------------------|--|---------------|
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 1 | Excise Department Revenue | 47,76,000 | .. | 47,76,000 |
| 2 | Housing Department Revenue | 12,28,12,000 | .. | 12,28,12,000 |
| | Capital | 44,89,00,000 | .. | 44,89,00,000 |
| 4 | Industries Department (Mines and Minerals) Revenue | 6,45,000 | .. | 6,45,000 |
| 5 | Industries Department (Village and Small Industries) Revenue | 12,90,99,000 | 8,29,000 | 12,99,28,000 |
| 6 | Industries Department (Handloom Industry) Revenue | 4,03,40,000 | .. | 4,03,40,000 |
| | Capital | 2,02,10,000 | .. | 2,02,10,000 |
| 7 | Industries Department (Heavy and Medium Industries) Revenue | 1,11,59,000 | .. | 1,11,59,000 |
| | Capital | 56,40,53,000 | 7,87,000 | 56,48,40,000 |
| 9 | Power Department Revenue | 21,28,000 | .. | 21,28,000 |
| | Capital | 61,000 | .. | 61,000 |
| 10 | Agriculture and other Allied Departments (Horti- cultural Development) Revenue | 48,70,000 | .. | 48,70,000 |
| 11 | Agriculture and other Allied Departments (Agriculture) Revenue | 4,76,63,000 | .. | 4,76,63,000 |
| | Capital | 14,91,77,000 | .. | 14,91,77,000 |
| 12 | Agriculture and other Allied Departments (Area Development) Revenue | 13,29,36,000 | .. | 13,29,36,000 |
| | Capital | 78,90,000 | .. | 78,90,000 |
| 13 | Agriculture and other Allied Departments (Rural Development) Revenue | 188,33,47,000 | .. | 188,33,47,000 |
| 14 | Agriculture and other Allied Departments (Panchayati Raj) Revenue | 3,77,12,000 | .. | 3,77,12,000 |
| 15 | Agriculture and other Allied Departments (Animal Husbandry) Revenue | 64,39,000 | .. | 64,39,000 |
| | Capital | 74,66,000 | .. | 74,66,000 |
| 16 | Agriculture and other Allied Departments (Dairy Development) Revenue | 3,60,82,000 | .. | 3,60,82,000 |
| | Capital | 4,38,46,000 | .. | 4,38,46,000 |

| 1 No. of Vote/Appropriation | 2 Services and purposes | 3 Sums not exceeding | | |
|-----------------------------------|---|-------------------------|--|--------------|
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 17 | Agriculture and other Allied Departments (Fisheries) Revenue | 56,00,000 | | 56,00,000 |
| 18 | Agriculture and other Allied Departments (Co-operative) Revenue | 63,88,000 | 50,60,000 | 1,14,48,000 |
| | Capital | 28,17,000 | 10,29,000 | 38,46,000 |
| 20 | Personnel Department (Public Service Commission) Revenue | 12,33,000 | 20,30,000 | 32,63,000 |
| 21 | Food and Civil Supplies Department Revenue | 2,26,97,000 | 90,000 | 2,27,87,000 |
| 22 | Sports Department Revenue | 33,20,000 | .. | 33,20,000 |
| | Capital | 6,04,23,000 | .. | 6,04,23,000 |
| 23 | Cane Development Department (Cane) Revenue | 2,46,64,000 | .. | 2,46,64,000 |
| | Capital | 1,52,57,000 | .. | 1,52,57,000 |
| 24 | Cane Development Department (Sugar Industry) Capital | 5,60,00,000 | 4,72,85,000 | 10,32,85,000 |
| 25 | Home Department (Jails) Revenue | 5,08,98,000 | 5,51,000 | 5,14,49,000 |
| | Capital | 10,00,00,000 | .. | 10,00,00,000 |
| 26 | Home Department (Police) Revenue | 2,07,09,000 | 29,89,000 | 2,36,98,000 |
| | Capital | 51,32,66,000 | .. | 51,32,66,000 |
| 27 | Home Department (Civil Defence) Revenue | 5,47,000 | .. | 5,47,000 |
| 28 | Home Department (Political Pension and other Expenditure) Revenue | 82,00,000 | .. | 82,00,000 |
| *29 | Confidential Department (Governor's Secretariat) Revenue | .. | 29,90,000 | 29,90,000 |
| 30 | Confidential Department (Revenue Special Intelligence Directorate and other Expenditure) Revenue | 5,00,000 | .. | 5,00,000 |
| 31 | Medical Department (Medical Education and Training) Revenue | 5,18,50,000 | .. | 5,18,50,000 |
| | Capital | 22,00,000 | .. | 22,00,000 |
| 32 | Medical Department (Allopathy) Revenue | 19,68,000 | 4,42,000 | 24,10,000 |
| | Capital | 2,40,75,000 | .. | 2,40,75,000 |

* Sl. No. relating to Charged Appropriation.

| 1 No. of Vote/Appro- piation | 2 Services and purposes | 3 | | |
|---------------------------------------|---|------------------------|--|--------------|
| | | Sums not exceeding | | |
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 33 | Medical Department (Ayurvedic and Unani) . . . Revenue | 8,66,79,000 | .. | 8,66,79,000 |
| 34 | Medical Department (Homoeopathy) . . . Revenue | 1,71,40,000 | .. | 1,71,40,000 |
| 35 | Medical Department (Family Welfare) . . . Revenue | 17,94,000 | 63,000 | 18,57,000 |
| 37 | Urban Development Department . . . Revenue | 47,06,88,000 | .. | 47,06,88,000 |
| | Capital | 19,01,00,000 | .. | 19,01,00,000 |
| 38 | Civil Aviation Department . . . Revenue | 41,74,000 | .. | 41,74,000 |
| | Capital | 2,15,18,000 | .. | 2,15,18,000 |
| 39 | Language Department . . . Revenue | 51,00,000 | .. | 51,00,000 |
| 40 | Planning Department . . . Revenue | 61,36,000 | .. | 61,36,000 |
| | Capital | 20,00,00,000 | .. | 20,00,00,000 |
| 41 | Election Department . . . Revenue | 37,33,000 | .. | 37,33,000 |
| 42 | Judicial Department . . . Revenue | 6,09,20,000 | 1,35,86,000 | 7,45,06,000 |
| | Capital | 18,34,03,000 | 70,00,000 | 19,04,03,000 |
| 43 | Transport Department . . . Revenue | 15,84,000 | .. | 15,84,000 |
| | Capital | 11,40,00,000 | .. | 11,40,00,000 |
| 44 | Tourism Department . . . Capital | 3,58,51,000 | .. | 3,58,51,000 |
| 45 | Environment Department . . . Revenue | 40,44,000 | .. | 40,44,000 |
| 47 | Technical Education Department . . . Revenue | 1,56,00,000 | .. | 1,56,00,000 |
| | Capital | 1,00,00,000 | .. | 1,00,00,000 |
| 49 | Woman and Child Welfare Department . . . Revenue | 1,91,33,000 | .. | 1,91,33,000 |
| | Capital | 8,82,000 | .. | 8,82,000 |
| 50 | Revenue Department (District Administration) . . . Revenue | 3,24,73,000 | 6,75,000 | 3,31,48,000 |
| | Capital | 11,18,32,000 | .. | 11,18,32,000 |
| 52 | Revenue Department (Board of Revenue and other Expenditure) . . . Revenue | 16,27,000 | .. | 16,27,000 |
| 53 | National Integration Department . . . Revenue | 53,70,000 | .. | 53,70,000 |
| 55 | Public Works Department (Non-residential Buildings) . . . Revenue | 50,83,000 | 1,53,15,000 | 2,03,98,000 |
| | Capital | 50,26,000 | .. | 50,26,000 |
| 56 | Public Works Department (Residential Buildings) . . . Revenue | 48,01,000 | 96,81,000 | 1,44,82,000 |
| | Capital | 10,09,000 | .. | 10,09,000 |

| 1 No. of Vote/Appropriation | 2 Services and purposes | 3 Sums not exceeding | | |
|-----------------------------------|--|-------------------------|--|--------------|
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 57 | Public Works Department (Functional Buildings) . . . Capital | 41,56,000 | .. | 41,56,000 |
| 58 | Public Works Department (Communication) . . . Capital | 13,00,00,000 | .. | 13,00,00,000 |
| 59 | Public Works Department (Estate Directorate) . . . Revenue | 6,45,56,000 | .. | 6,45,56,000 |
| | Capital | 8,96,18,000 | .. | 8,96,18,000 |
| 60 | Forest Department . . . Revenue | 1,60,17,000 | 4,26,000 | 1,64,43,000 |
| 61 | Finance Department (Debt Services and other Expenditure) . . . Revenue | .. | 9,17,000 | 9,17,000 |
| 63 | Finance Department (Treasury and Accounts Administration) . . Revenue | 1,00,000 | 4,58,000 | 5,58,000 |
| 64 | Finance Department (State Lottery) . . . Revenue | .. | 49,000 | 49,000 |
| 65 | Finance Department (Audit, Small Savings, etc.) . . Revenue | 2,38,41,000 | .. | 2,38,41,000 |
| 68 | Legislative Assembly Secretariat . . . Revenue | 1,000 | .. | 1,000 |
| 70 | Science and Technology Department . . . Revenue | 1,25,00,000 | .. | 1,25,00,000 |
| 71 | Education Department (Primary Education) . . . Revenue | 76,75,000 | .. | 76,75,000 |
| 72 | Education Department (Secondary Education) . . . Revenue | 79,93,000 | .. | 79,93,000 |
| | Capital | 45,00,000 | .. | 45,00,000 |
| 73 | Education Department (Higher Education) . . . Revenue | 17,82,51,000 | .. | 17,82,51,000 |
| | Capital | 35,00,000 | .. | 35,00,000 |
| 74 | Education Department (Adult Education) . . . Revenue | 2,84,26,000 | .. | 2,84,26,000 |
| 75 | Education Department (State Council of Educational Research and Training) . . . Revenue | 1,26,50,000 | .. | 1,26,50,000 |
| 76 | Labour Department (Labour Welfare) . . . Revenue | 1,39,53,000 | .. | 1,39,53,000 |
| 77 | Labour Department (Employment) . . . Revenue | 22,03,000 | .. | 22,03,000 |
| 78 | Secretariat Administration Department . . . Revenue | 2,01,97,000 | .. | 2,01,97,000 |

| 1 No. of Vote/Appro- piation | 2 Services and purposes | 3 | | |
|---------------------------------------|---|------------------------|--|---------------|
| | | Sums not exceeding | | |
| | | Voted by Parliament | Charged on the Consolidated Fund | Total |
| | | Rs. | Rs. | Rs. |
| 80 | Social Welfare Department (Scheduled Castes and Back- ward Classes Welfare) | | | |
| | Revenue | 7,29,40,000 | 7,000 | 7,29,47,000 |
| | Capital | 1,06,82,000 | .. | 1,06,82,000 |
| 84 | General Administration Department | Revenue | 14,00,000 | .. |
| | | | | 14,00,000 |
| 85 | Public Enterprises Department | Revenue | 25,00,000 | .. |
| | | | | 25,00,000 |
| 86 | Information Department | Revenue | 3,67,55,000 | .. |
| | | | | 3,67,55,000 |
| 87 | Soldiers' Welfare Department | Revenue | 2,25,00,000 | .. |
| | Capital | 15,46,000 | .. | 15,46,000 |
| 89 | Institutional Finance Department (Trade Tax) | Revenue | 50,000 | 1,70,000 |
| | Capital | 18,27,54,000 | .. | 18,27,54,000 |
| 92 | Cultural Affairs Department | Revenue | 82,43,000 | .. |
| | | | | 82,43,000 |
| 94 | Irrigation Department (Works) | Revenue | 2,50,000 | .. |
| | Capital | 40,00,000 | 98,48,000 | 1,38,48,000 |
| 95 | Uttarakhand Development Department | Revenue | 17,23,12,000 | .. |
| | Capital | 10,52,17,000 | .. | 10,52,17,000 |
| | TOTAL | 753,52,09,000 | 12,22,77,000 | 765,74,86,000 |

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of articles 204 (1) and 205 of the Constitution read with the Proclamation issued under article 356 of the Constitution in respect of the State of Uttar Pradesh on the 17th October, 1996, to provide for the appropriation out of the Consolidated Fund of the State of Uttar Pradesh of the moneys required to meet the supplementary expenditure charged on the Consolidated Fund of the State of Uttar Pradesh and the grants made by the Lok Sabha for expenditure of the Government of Uttar Pradesh for the financial year 1996-97.

P. CHIDAMBARAM.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 207 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 2(62)-B (S)/96, dated the 7th March, 1997 from Shri P. Chidambaram, Minister of Finance to the Secretary-General, Lok Sabha].

The President, having been informed of the subject matter of the proposed Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Uttar Pradesh for the services of the financial year ending on the 31st day of March, 1997 recommends under clauses (1) and (3) of article 207 of the Constitution read with clause (2) of article 205 thereof and the Proclamation dated the 17th October, 1996 issued under article 356, the introduction of the Uttar Pradesh Appropriation Bill, 1997 in Lok Sabha and also the consideration of the Bill.

S. GOPALAN,
Secretary General.